

ORIGINAL

Nextel Communications, Inc.  
2001 Edmund Halley Drive, Reston, VA 20191  
703 433-4000

**NEXTEL**

March 15, 2001

EX PARTE OR LATE FILED

Magalie R. Salas, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Room TW-B204  
Washington, D.C. 20554

**RECEIVED**

MAR 15 2001

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**EX PARTE**

**RE: In the Matter of Motorola, Inc.; Motorola SMR, Inc.; Motorola Communications and Electronics, Inc., Application for Consent to Assign 900 MHz SMR Licenses to FCI 900, Inc., DA 00-2352**

**In the Matter of Automatic and Manual Roaming Obligations  
Pertaining to Commercial Mobile Radio Services, WT Docket No. 00-  
193**

Dear Ms. Salas:

On behalf of Nextel Communications, Inc. ("Nextel"), and pursuant to Section 1.1206 of the Federal Communications Commission's ("Commission") Rules, this letter constitutes notice that Robert S. Foosaner, Lawrence R. Krevor, and Laura Holloway of Nextel; and Gregory L. Rosston of Stanford University, met yesterday with Gerry Faulhaber, Robert Pepper and Evan Kwerel of the Office of Plans and Policy to discuss the above-referenced proceedings.

Nextel and Dr. Rosston provided information, including the attached documents, to further demonstrate that the appropriate public interest analysis of Nextel's acquisition of Specialized Mobile Radio ("SMR") licenses, including those of Motorola, Inc. in the above-referenced transaction, is a review of the transaction's competitive impact on the Commercial Mobile Radio Services ("CMRS") marketplace. Contrary to the position of Southern Communications Services ("Southern"), which proposes a dispatch-only "marketplace" analysis,<sup>1</sup> Nextel (and Southern) provides CMRS services, such as mobile telephone, wireless Internet, mobile data and short messaging, and competes with other CMRS providers such as Verizon Wireless and AT&T Wireless, which provide a menu of integrated wireless service options. The licenses at

<sup>1</sup> Southern claims there is a dispatch market within which it competes with Nextel despite the fact that it provides CMRS services that include mobile telephone services and wireless Internet. Attached hereto are photos of Southern billboard advertisements promoting its interconnected wireless telephone services.

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issue in this proceeding will be deployed in the competitive CMRS marketplace and will enhance Nextel's ability to aggressively compete in that marketplace. As a result, the transaction is in the public interest.

Nextel also addressed Southern's request that the Commission impose a mandatory roaming obligation on Nextel as a condition of approving the license assignments. Nextel reiterated the regulatory disparity this would create by imposing a regulatory mandate only on the fifth largest provider of CMRS services, Nextel, leaving all other CMRS providers free to enter into only economic and efficient roaming agreements with other CMRS providers. Additionally, Dr. Rosston explained the economic disincentives and unnecessary pricing regulation that would result from a roaming mandate.

An original and two copies of this letter (and attachments) have been filed with the Secretary pursuant to Section 1.1206. Should any questions arise in connection with this notification, please do not hesitate to contact the undersigned.

Respectfully submitted,

  
Laura L. Holloway  
Director – Government Affairs

cc: Gerry Faulhaber  
Robert Pepper  
Evan Kwerel

*Competitive Analysis of the  
Proposed Nextel-Motorola  
Transaction*

Gregory Rosston  
March 14, 2001

# *CMRS is the Relevant Market*

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- Spectrum can be used for any service
- Market demands integrated services
- Competitors provide integrated services
- No analysis shows Nextel in dispatch-only market

# *Spectrum is Fungible*

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- No technical barriers
- No legal barriers
- Firms are taking advantage of flexibility

# *Public Interest Benefits from Efficient Spectrum Use*

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- Better service to consumers
- Incorporation of spectrum in iDEN system
- Increase in quantity and quality

# *Enhanced Competition for CMRS*

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- Spectrum is key input
- Nextel has 5<sup>th</sup> or 6<sup>th</sup> most spectrum
- Major carriers want more than 30 MHz

Table 1

Largest CMRS Spectrum Licensees (By Capacity) in Major Urban Areas<sup>1</sup>*All Figures in MHz*

New York		Los Angeles		Chicago		San Francisco		Detroit	
1. AT&T	45.00	1. AT&T	45.00	1. Verizon	65.00	1. AT&T	35.00	1. VoiceStream	40.00
2. Verizon	45.00	2. Verizon	45.00	2. AT&T	30.00	2. Verizon	35.00	2. Cingular	35.00
3. VoiceStream	30.00	3. Cingular	30.00	3. VoiceStream	30.00	3. MetroPCS	30.00	3. AT&T	30.00
4. Sprint	30.00	4. Sprint	30.00	4. Cingular	25.00	4. Sprint	30.00	4. Sprint	30.00
5. Nextel <sup>2</sup>	19.90	5. Nextel	21.85	5. Nextel	20.70	5. Cingular	20.00	5. Verizon	25.00
6. Cingular	10.00	6. VoiceStream	20.00	6. Sprint	20.00	6. VoiceStream	20.00	6. Nextel	18.75
7. Northcoast	10.00					7. Nextel	19.83	7. Nextwave	10.00

Dallas		Philadelphia		Washington		Atlanta	
1. AT&T	45.00	1. Verizon	45.00	1. Verizon	45.00	1. Cingular	35.00
2. Cingular	35.00	2. Cingular	35.00	2. AT&T <sup>3</sup>	40.00	2. AT&T	30.00
3. Sprint	30.00	3. AT&T	30.00	3. Cingular	35.00	3. Metro PCS	30.00
4. Verizon	30.00	4. Sprint	30.00	4. Sprint	30.00	4. VoiceStream	30.00
5. VoiceStream	30.00	5. VoiceStream	30.00	5. Nextel	20.20	5. Verizon	25.00
6. Nextel	23.90	6. Nextel	22.20	6. VoiceStream	20.00	6. Nextel	18.75
						7. Alltel	10.00
						8. Sprint	10.00

<sup>1</sup> Geographic regions are those used in Southern Linc's analysis.<sup>2</sup> Nextel spectrum is not contiguous; cellular and PCS licenses were assigned in blocks of at least 5 MHz (and up to 30 MHz).<sup>3</sup> Includes 10 MHz of PCS spectrum held by Dobson Communications Corp. (DCC).

Note: Includes cellular, PCS, 800 MHz (less public safety), 900 MHz SMR, 220 MHz, and 700 MHz Guard Band spectrum

Source: Updated Attachment 1 to Exhibit B of the Assignment Applications, submitted in an ex parte letter to Lauren Kravets, Feb. 22, 2001; FCC Results of Guard Band Auction; Nextel.

# *Competition for Nextel Services*

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- New customers previously used cellular (82%)
  - Most lost customers went to cellular/pcs
- Few used 2-way dispatch (19%)
  - Tiny amount of customers lost to dispatch alone
- Customers have alternatives

Table 2

# CMRS Market Concentration in Major Urban Areas

Includes Cellular, PCS, 800 MHz (less public safety), 900 MHz SMR, 220 MHz, and 700 MHz Guard Band spectrum.

Region <sup>1</sup>	AT&T <sup>2</sup>	Cingular	Metro PCS	Sprint	Verizon	Voice Stream	Other PCS <sup>3</sup>	Motorola <sup>4</sup>	Southern Linc <sup>5</sup>	Nextel <sup>6</sup>	220 MHz <sup>7</sup>	Other 700 MHz <sup>8</sup>	Other 800 MHz <sup>9</sup>	Other 900 MHz <sup>10</sup>	Total CMRS Spectrum	Total Pre-Transfer HHI	Total Post-Transfer HHI	Δ HHI
<b>New York</b>																		
Total Spectrum (MHz)	45.00	10.00	0.00	30.00	45.00	30.00	10.00	1.00	0.00	19.90	1.55	4.00	10.35	2.25	209.1			
As % of Total Spectrum	22%	5%	0%	14%	22%	14%	5%	0%	0%	10%	1%	2%	5%	1%		1,482	1,491	9
<b>Los Angeles</b>																		
Total Spectrum (MHz)	45.00	30.00	0.00	30.00	45.00	20.00	0.00	0.50	0.00	21.85	1.55	4.00	9.15	2.00	209.1			
As % of Total Spectrum	22%	14%	0%	14%	22%	10%	0%	0%	0%	10%	1%	2%	4%	1%		1,545	1,550	5
<b>Chicago</b>																		
Total Spectrum (MHz)	30.00	25.00	0.00	20.00	65.00	30.00	0.00	0.25	0.00	20.70	1.55	4.00	9.80	2.75	209.1			
As % of Total Spectrum	14%	12%	0%	10%	31%	14%	0%	0%	0%	10%	1%	2%	5%	1%		1,718	1,720	2
<b>San Francisco</b>																		
Total Spectrum (MHz)	35.00	20.00	30.00	30.00	35.00	20.00	0.00	0.75	0.00	19.83	1.55	4.00	10.80	2.13	209.1			
As % of Total Spectrum	17%	10%	14%	14%	17%	10%	0%	0%	0%	9%	1%	2%	5%	1%		1,253	1,260	7
<b>Detroit</b>																		
Total Spectrum (MHz)	30.00	35.00	0.00	30.00	25.00	40.00	10.00	0.25	0.00	18.75	1.55	4.00	1.00	1.50	197.1			
As % of Total Spectrum	15%	18%	0%	15%	13%	20%	5%	0%	0%	10%	1%	2%	1%	1%		1,471	1,473	2
<b>Dallas</b>																		
Total Spectrum (MHz)	45.00	35.00	0.00	30.00	30.00	30.00	0.00	0.50	0.00	23.90	1.55	4.00	6.60	2.50	209.1			
As % of Total Spectrum	22%	17%	0%	14%	14%	14%	0%	0%	0%	11%	1%	2%	3%	1%		1,496	1,502	5
<b>Philadelphia</b>																		
Total Spectrum (MHz)	30.00	35.00	0.00	30.00	45.00	30.00	0.00	0.75	0.00	22.20	1.55	4.00	7.80	2.75	209.1			
As % of Total Spectrum	14%	17%	0%	14%	22%	14%	0%	0%	0%	11%	1%	2%	4%	1%		1,480	1,487	8
<b>Washington</b>																		
Total Spectrum (MHz)	40.00	35.00	0.00	30.00	45.00	20.00	0.00	0.50	0.00	20.20	1.55	4.00	10.30	2.50	209.1			
As % of Total Spectrum	19%	17%	0%	14%	22%	10%	0%	0%	0%	10%	1%	2%	5%	1%		1,508	1,512	5
<b>Atlanta</b>																		
Total Spectrum (MHz)	30.00	35.00	30.00	10.00	25.00	30.00	10.00	0.25	12.00	18.75	1.55	4.00	0.00	2.50	209.1			
As % of Total Spectrum	14%	17%	14%	5%	12%	14%	5%	0%	6%	9%	1%	2%	0%	1%		1,203	1,205	2

<sup>1</sup> Geographic regions are those used in Southern Linc's analysis.

<sup>2</sup> Includes 10 MHz of PCS spectrum in Washington, DC held by Dobson Communications Corp. (DCC).

<sup>3</sup> Other PCS spectrum is held by a single licensee in New York (Northcoast), Detroit (Nextwave), and Atlanta (Alltel).

<sup>4</sup> Source: Updated Attachment 1 to Exhibit B of the Assignment Applications, submitted in an ex parte letter to Lauren Kravets, Feb. 22, 2001.

<sup>5</sup> Assumes Southern Linc holds licenses in Atlanta for all 800 MHz channels not held by Nextel.

<sup>6</sup> Includes Nextel's 700 MHz Guard Band, 800 MHz and 900 MHz spectrum. Nextel spectrum is not contiguous; cellular and PCS licenses were assigned in blocks of at least 5 MHz (and up to 30 MHz).

Source for 800 and 900 MHz spectrum: Updated Attachment 1 to Exhibit B of the Assignment Applications, submitted in an ex parte letter to Lauren Kravets, Feb. 22, 2001. Source for 700 MHz Guard Band spectrum: FCC Results of Guard Band Auction.

<sup>7</sup> Source: Baumann and Siwek Affidavit, Tables EI\_7.1-EI\_7.9.

<sup>8</sup> Source: FCC Results of Guard Band Auction. Includes 1 MHz "A" band license, 1 MHz "A" band unaffiliated user, and 2 MHz "B" band unaffiliated user. Assumes unaffiliated users do not hold other spectrum in the same urban area.

<sup>9</sup> Assumes spectrum not held by Nextel or Southern Linc is evenly divided among 5 firms who do not hold any other spectrum in the same urban area.

<sup>10</sup> Assumes 900 MHz commercial spectrum (200 channels) not held by Nextel or Motorola is held by firms with 60 channels of spectrum (e.g. if 140 channels available after accounting for Nextel and Motorola, assume two firms each with 60 channels, one firm with the remainder, 20 channels.)

Source for Cellular and PCS spectrum holdings: Nextel.

# *Competitive Effects in Dispatch*

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- CMRS carriers
- Stand alone dispatch providers
- Most of Nextel's spectrum is used for interconnect

Table 3

# Dispatch Concentration in Major Urban Areas Excluding PCS and Cellular Spectrum

Total Spectrum includes 220 MHz, 450 MHz, 700 MHz, 800 MHz (less public safety), and 900 MHz (less public safety) but excludes PCS and Cellular band dispatch communicatic

Region <sup>1</sup>	Motorola	Southern Linc <sup>2</sup>	Nextel <sup>3</sup>	220 MHz	450 MHz <sup>4</sup>	Other 700 MHz	Other 800 MHz	Other 900 MHz	Total Spectrum Used for Dispatch	Total Pre- Transfer HHI	Total Post- Transfer HHI	Δ HHI
<b>New York</b>												
Total Spectrum (MHz)	1.00	0.00	7.50	1.55	20.00	4.00	10.35	7.25	51.6			
As % of Total Spectrum	2%	0%	15%	3%	39%	8%	20%	14%		498	554	56
<b>Los Angeles</b>												
Total Spectrum (MHz)	0.50	0.00	8.10	1.55	20.00	400%	9.15	7.00	50.3			
As % of Total Spectrum	1%	0%	16%	3%	40%	0.08	18%	14%		540	572	32
<b>Chicago</b>												
Total Spectrum (MHz)	0.25	0.00	7.74	1.55	20.00	4.00	9.80	7.75	51.1			
As % of Total Spectrum	0%	0%	15%	3%	39%	8%	19%	15%		515	530	15
<b>San Francisco</b>												
Total Spectrum (MHz)	0.75	0.00	7.48	1.55	20.00	400%	10.80	7.13	51.7			
As % of Total Spectrum	1%	0%	14%	3%	39%	0.08	21%	14%		501	543	42
<b>Detroit</b>												
Total Spectrum (MHz)	0.25	0.00	7.15	1.55	20.00	4.00	1.00	5.75	39.7			
As % of Total Spectrum	1%	0%	18%	4%	50%	10%	3%	14%		657	680	23
<b>Dallas</b>												
Total Spectrum (MHz)	0.50	0.00	8.73	1.55	20.00	400%	6.60	7.50	48.9			
As % of Total Spectrum	1%	0%	18%	3%	41%	0.08	14%	15%		585	622	37
<b>Philadelphia</b>												
Total Spectrum (MHz)	0.75	0.00	8.21	1.55	20.00	4.00	7.80	7.75	50.1			
As % of Total Spectrum	1%	0%	16%	3%	40%	8%	16%	15%		540	589	49
<b>Washington</b>												
Total Spectrum (MHz)	0.50	0.00	7.59	1.55	20.00	400%	10.30	7.50	51.4			
As % of Total Spectrum	1%	0%	15%	3%	39%	0.08	20%	15%		505	534	29
<b>Atlanta</b>												
Total Spectrum (MHz)	0.25	5.64	7.15	1.55	20.00	4.00	0.00	7.50	46.1			
As % of Total Spectrum	1%	12%	16%	3%	43%	9%	22%	16%		742	759	17

<sup>1</sup> Geographic regions are those used in Southern Linc's analysis.

<sup>2</sup> Excludes the 53% of Southern Linc's 800 MHz spectrum used for interconnect, based on the assumption that Southern Linc has same proportion of interconnect and dispatch calls as Nextel.

<sup>3</sup> Includes Nextel's 700 MHz Guard Band, 800 MHz, and 900 MHz spectrum. Excludes the 69% of Nextel's 800 MHz and 900 MHz spectrum used for interconnect.

<sup>4</sup> Assumes that spectrum is divided evenly among ten firms who do not hold any other spectrum in the same urban area.

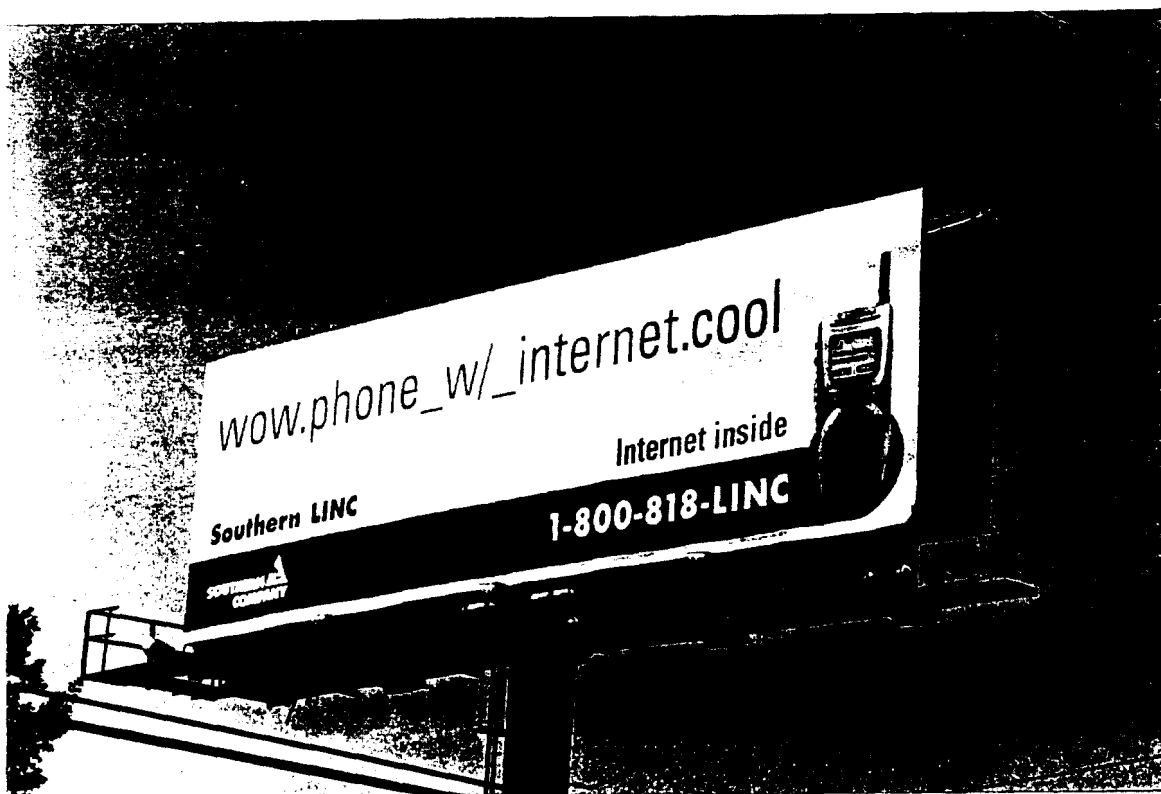
See footnotes to Table 2 for description of my analysis of 220 MHz, 700 MHz Guard Band, 800 MHz, and 900 MHz bands.

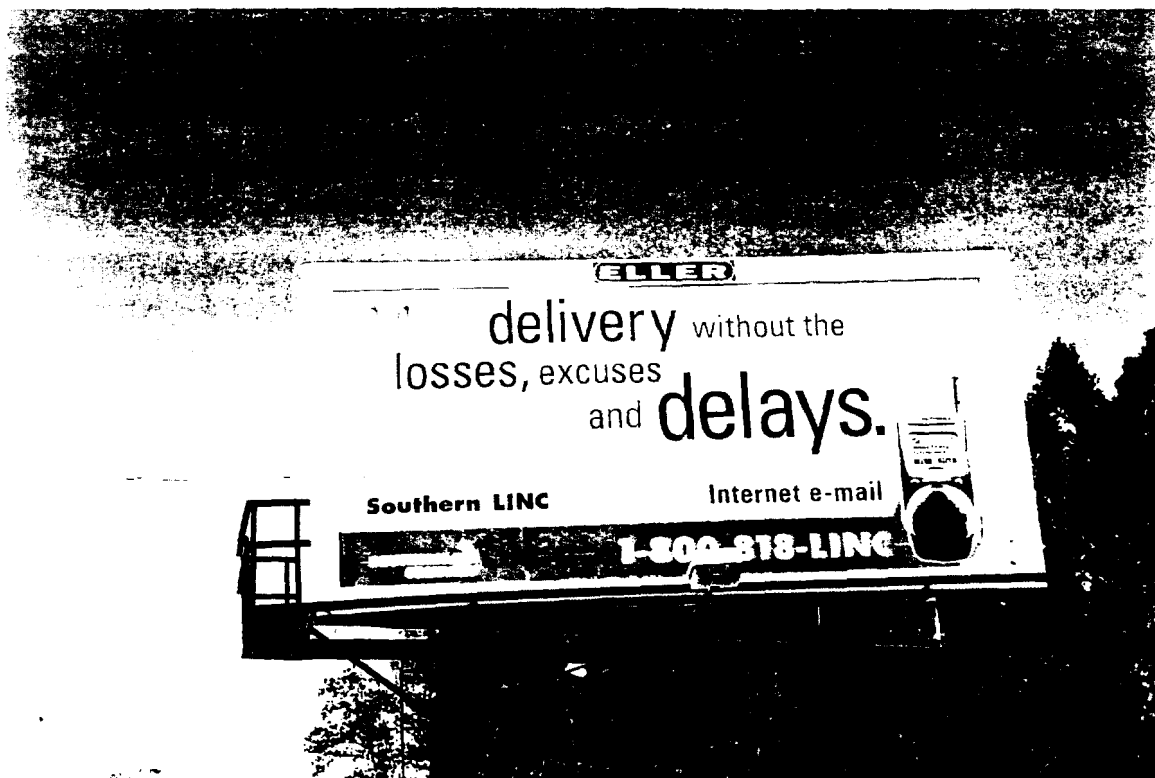
Source: Sources as in Table 2.

# *Roaming Analysis*

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- Interconnect vs. Dispatch roaming
- Alternatives for interconnect roaming
- Buildout incentives
- Costs to a mandate

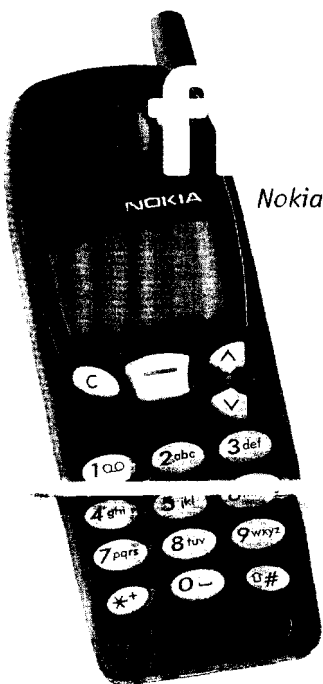




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